

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 22540

In the Matter of
800 Data Base Access Tariffs
and the 800 Service
Management System Tariff

CC Docket No. 93-129

RECEIVED

SEP 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DIRECT CASE OF ANCHORAGE TELEPHONE UTILITY

Anchorage Telephone Utility ("ATU"), by its attorneys,
herewith submits its direct case in response to the Commission's July
19, 1993 Order Designating Issues for Investigation in this proceeding
("Designation Order").¹

**Issue 1. The degree and clarity with which 800 data base
tariffs describe the services offered.**

The terms and conditions of ATU's 800 data base tariff are
fully consistent with the Communications Act and with the Commission's
Orders in CC Docket No. 86-10.

**Issue 4.² The rate of return LECs' role in providing
the services offered in their tariffs.**

ATU owns its own Service Switching Point ("SSP") and therefore
has filed its own tariff for 800 data base query service.

¹ ATU filed its Tariff F.C.C. No. 5, Access Service, on April 2, 1993, to be effective on July 1, 1993. On April 28, 1993, the Commission suspended for investigation the 800 data base access tariffs previously filed by several other local exchange companies. 800 Data Base Tariff Order, 8 FCC Rcd. 3242 (1993). In its June 23, 1993 Memorandum Opinion and Order, the Commission likewise suspended ATU's 800 data base tariff for one day, imposed an accounting order and set the tariff for investigation on issues to be designated subsequently.

² ATU is a rate of return carrier and accordingly is not responding to Issues 2 and 3, which are directed to price-sensitive carriers.

No. of Copies rec'd
List A B C D E

0-4

Issue 5. Query and vertical features rate development.

Subissue: Do these tariffs properly flow through changes in LEC costs of providing basic query service and vertical features?

As explained in Attachment B to this direct case, ATU does not own a Service Connection Point ("SCP") and it purchases query service from GTE. ATU intends to flow through to its rates any changes in GTE's rates to ATU for 800 data base query services.

Subissue: Have the rate of return LECs properly stated the demand on which their query rates are based?

As explained in Attachment B, ATU did not adjust its demand figures for unbillable queries. More generally, ATU's demand estimates have been specifically reviewed by interested interexchange carriers, revised in light of their comments and subjected a second time to their scrutiny.³

Issue 6. Reasonableness of CCSCIS cost allocations.

ATU did not use a computer model to estimate investment-based costs associated with 800 data base query service. Those ATU costs are based on invoiced prices for the particular facilities.

Attachments A, B and C to this direct case respond to all of the issues in Appendix B to the Designation Order. In particular, Attachment A provides in spreadsheet form the cost, investment and

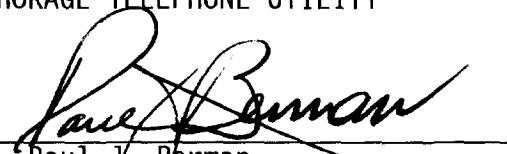
³ ATU Transmittal No. 64, Tariff F.C.C. No. 5, Access Service, July 2, 1993; General Communication, Inc., Petition to Suspend and Investigate, April 27, 1993, pp. 5-6; Petition of American Telephone and Telegraph Company, April 27, 1993, Appendix J; ATU Transmittal No. 65, Tariff F.C.C. No. 5, Access Service, May 21, 1993.

separations information requested by the Commission in Sections I and II of Appendix B to the Designation Order. Attachment B to this direct case fully responds to the questions in Sections III and IV to the Designation Order. Attachment C provides further information on ATU's fixed and variable costs for 800 data base service. These materials amply demonstrate the reasonableness of ATU's rates for 800 data base query service.

Respectfully submitted,

ANCHORAGE TELEPHONE UTILITY

By


Paul J. Berman
Ellen K. Snyder
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Post Office Box 7566
Washington, D.C. 20044
202/662-5468

September 20, 1993

Its Attorneys

INFORMATION REQUEST FOR 800 DATABASE SERVICE COSTS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

I. Unit Cost and Investment

STP/SCP Signalling Link

Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																463,202
Overhead Loadings																
Total																

Local STP/Regional STP Signalling Link

Unit Investment				93,675												
Unit Costs																
Depreciation				7,731												
Net Return				10,538												
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense				8,859												
Overhead Loadings																
Total																

Tandem Switch

Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																

SSP

Unit Investment																
Unit Costs																
Depreciation																
Net Return																
Federal Income Tax																
State & Local Income Tax																
Maintenance																
Administration																
Other Tax																
Other Direct Expense																
Overhead Loadings																
Total																

Note 1:

ATU utilizes a SCP and Transport provider under contract. The total column under STP/SCP signalling lines represents these contract amounts and are recorded in FCC Part 32 Account 6212.

Note 2:

ATU does not send any originating 800 queries through its Tandem.

Note 3:

ATU did not assign any SSP investment into developing its rate for 800 query service.

Note 4:

The Part 36 category utilized in the other direct expense accounts listed above are associated with plant specific operations.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

II. Jurisdictional Separations

STP/SCP Signalling Link

Total Investment																480,002
Total Company																480,002
Subject to Separation																480,002
State 800 Database																16,800
State Other																-
Interstate 800 Database																463,202
Interstate Other																-

Method of Assignment																PIU
----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	-----

Local STP/Regional STP Signalling Link

Total Investment					97,073											
Total Company					97,073											
Subject to Separation					97,073											
State 800 Database					3,398											
State Other																
Interstate 800 Database					93,675											
Interstate Other																

Method of Assignment					PIU											PIU
----------------------	--	--	--	--	-----	--	--	--	--	--	--	--	--	--	--	-----

Tandem Switch

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment																
----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

SSP

Total Investment																
Total Company																
Subject to Separation																
State 800 Database																
State Other																
Interstate 800 Database																
Interstate Other																

Method of Assignment																
----------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

III. Demand

A
Total

800 Database Queries

State 800 Database	
State Other	
Interstate 800 Database	
Interstate Other	
Unbillable Query Factor	

Section III and IV
ATU 800 DIRECT CASE

QUESTION 1. For 800 data base service, provide the demand level used in your cost calculations.

ANSWER: Anchorage Telephone Utility's (ATU's) revised demand, submitted to the Commission under Transmittal No. 65 on May 21, 1993 to be effective July 1, 1993, was 20,600,825 basic queries and 1,015,990 queries with vertical features for a total of 21,616,815 total 800 queries for the tariff period.

QUESTION 2. If in calculating your costs, you lowered your demand estimate to compensate for unbillable queries, thereby increasing costs, provide the percent by which you lowered demand.

ANSWER: ATU did not lower its demand estimate to compensate for unbillable queries.

QUESTION 3. Explain and justify your rationale for the factor used to decrease demand for your ratemaking calculation.

ANSWER: As addressed in answer # 2 above, ATU did not apply a factor to decrease demand for calculation of its 800 data base query rates.

QUESTION 4. Provide the name of the SCP provider for your query service.

ANSWER: ATU's SCP provider is GTE Telephone Operations.

QUESTION 5. Provide the per query rate on which your rates were based.

ANSWER: As shown on Attachment C under the variable costs section, ATU incurs a rate from its SCP provider, GTE, and a rate for transport to the SCP provider from ITN (Independent Telecommunications Network, Inc.). The rates currently under contract for each of the services is \$.01 per query for the SCP data base query and \$.005 to transport the query to the SCP provider.

QUESTION 6. Did your SCP provider(s) revise rates since your original rate calculations?

ANSWER: Although ATU anticipates a revision in rates charged by its SCP provider GTE, at the time of this filing no executed agreements have been reached. ATU further anticipates that these reductions will be retroactively made by the SCP provider, and prospectively ATU would credit its customers for the query rate reductions for the same time period rates are reduced by the SCP provider to ATU. Once all agreements have been finalized with GTE, ATU will immediately file revised rates with the Federal Communications Commission.

QUESTION 7. If your SCP provider(s) has revised rates, have you revised your rates to reflect the changes in your costs?

ANSWER: As addressed in answer # 6, at the time of this filing, ATU has not finalized any revised rates with its SCP provider. Any change in costs incurred by ATU due to changes in rates by its SCP provider would be passed through to ATU's customers upon acceptance by the FCC in a revised rate filing.

QUESTION 8. If you use two or more SCP providers and developed a composite query cost, explain how the composite is calculated for inclusion in your rates.

ANSWER: ATU has only one SCP provider.

QUESTION 9. If you use a transport provider, provide the name and per query rate assessed by that provider.

ANSWER: ATU's transport provider is Independent Telecommunications Network, Inc. (ITN). The contractual agreement, in effect at the time of this filing, set a rate to transport 800 data base queries to the SCP provider at \$.005 per query.

QUESTION 10. Provide worksheets showing all relevant data and calculations.

ANSWER: Attachment C represents ATU's rate development for 800 data base service. Attachment C summarizes the cost components to derive an 800 query rate.

QUESTION 11. Include and justify any other costs incurred to provide 800 service.

ANSWER: Attachment C depicts the fixed and variable costs to provide 800 data base query service to ATU's customers. As shown on the Attachment C, both fixed and variable costs represent the direct costs (ie. not including overhead) to provide the data base query service. Fixed costs represent specific hardware and software, including depreciation expense and a return on investment. Also included in fixed costs are the interstate costs to provide the B-links to transport queries to the SCP data base provider.

The variable costs represent the SCP and transport costs to perform the 800 data base query multiplied by the forecasted interstate demand. The sum of these fixed and variable costs make up the total direct cost to provide this service.

**ANCHORAGE TELEPHONE UTILITY
800 DATA BASE QUERY RATES
RECOMPUTATION OF RATES**

FIXED COSTS

Cost of ATU's 800-specific hardware and software
(Including return and depreciation expense)

27,129

Fixed Annual Cost Of 56 Kbps "B-Links" To
Transport Queries To The SPC Database
(4 B-Links @ \$3,000 Per Link Per Month)

Annual Demand	Rate	PIU	
48	3000	96.50%	138,960

Total Fixed Cost	166,089
------------------	---------

VARIABLE COSTS

Updated Using The Projected Demand As Filed By AT&T

Contract With ITN For Transport To The SCP

Rate Per Query	I/S Queries	
0.005	21,616,815	108,074

Contract With GTE For SCP Database Inquiry

Rate Per Query	I/S Queries	
0.01	21,616,815	216,168

Total Variable Cost	324,242
---------------------	---------

Total Interstate Revenue Requirement	490,331
--------------------------------------	---------

RATE PER QUERY

Rev. Requirement	No. Of Queries	
490,331	21,616,815	0.0227